

KAZAKHSTAN

Capital: Astana

GDP per capita (PPP): \$5,000 (2000 est.)

Population: 16,731,303 (July 2001 est.)

Foreign Direct Investment: \$1,150,000,000

Inflation: 13.4% (2000 est.)

Unemployment: 13.7% (1998 est.)

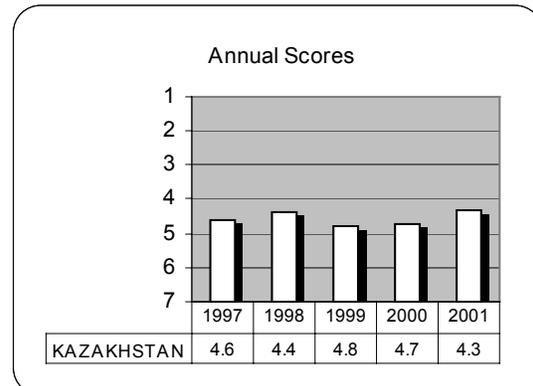
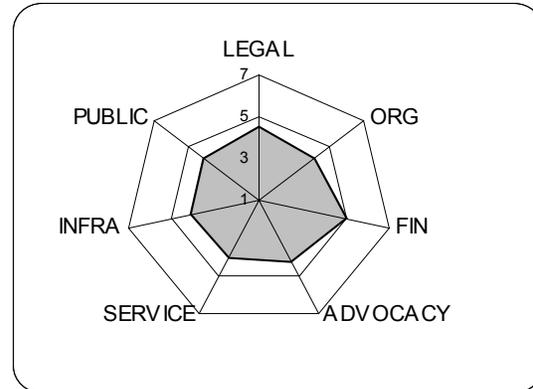
OVERALL RATING: 4.3

The number of officially registered NGOs remains relatively stable, at approximately 6,000 organizations. The vast majority, however, are dormant, quasi-governmental, or otherwise non-existent. Nevertheless, there are approximately 1,000 active NGOs, up from an estimated 800 last year.

During the post-Soviet period NGOs have traditionally been small organizations with narrow membership bases and a relatively elite outlook. In recent years, a few organizations have begun to emerge with a broader membership base and with an increasing focus on establishing links with their communities. Nevertheless, the perception remains that NGOs are elite donor-driven entities, motivated more by outside agendas than by the internal needs of Kazakhstan's citizens. Much work in the sector remains to be done.

The NGO community is diverse, and relatively strong in certain sub-sectors. NGOs focused on environmental issues, for example, are among Kazakhstan's most mature civic organizations, with many having been active since the middle 1980s. NGOs focused on social-service provision are also prominent in Kazakhstan, as a result of the continuing failure of the state to provide adequate health care, education, legal rights and other social services to large segments of the population.

The non-governmental sector has also proven to be a catalyst for women's activism. Women in general continue to suffer from the paradox of being, on average, more highly educated than men, yet women comprise the bulk of the unemployed. Women lead approximately 75% of all Kazakhstani NGOs. This is in contrast to the dramatic underrepresentation of women in political structures, where, for example, approximately only 10% of parliamentarians are women.



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LEGAL ENVIRONMENT: 4.5

Two legislative acts have helped to reshape the legal environment for NGOs over the past year. The first is the Law on Non-Commercial Organizations, passed in January 2001. However, NGO leaders in Kazakhstan perceive this NGO law to be a mixed blessing. While the law was drafted jointly by parliamentarians and NGO leaders in a relatively inclusive and transparent process – a clear departure from previous practices, it has several negative aspects. Among its problems are the banning of foreign or stateless persons (such as refugees) from founding NGOs, and restricting an NGO's activities to those that are specified in its charter. These provisions represent concrete restrictions on NGO activity that did not previously exist.

The second key legislative act was the adoption of a new tax code. The government's original draft tax code had called for broad rollbacks in NGOs' tax exemptions and required international grants to be funneled through the government's Ministry of Press and Social Harmony for tax privileges. With the active participation of international NGOs such as the International Center for Not-for-Profit Law (ICNL) and the Foundation for Tax Standards, many of the most damaging provisions were revised or eliminated from the final adopted version of the tax code. For example, under the new tax code, NGOs will be free from paying taxes on interest earnings

and other forms of "passive" income. Kazakhstan is the first country in Central Asia to adopt this progressive measure. Further, under the new law, NGOs will pay one-tenth the normal rate applied to commercial organizations for land and property taxes, and broad tax exemptions are provided for social service NGOs that, in theory, should allow these organizations to expand their potential to earn revenue.

Despite the passage of these two important acts, the implementation of existing legislation continues to be a problem in Kazakhstan. Government officials often exploit discrepancies in NGO-related legislation to the detriment of NGOs for either rent-seeking or political purposes.

Registration remains a problem. While NGOs face few formal legal difficulties in registering with the government, the process remains complicated, lengthy, and prohibitively expensive for many community and civic groups.

The harassment of NGOs engaged in advocacy or perceived as "opponentist" in character has accelerated in the past year. State security services have used judicial, financial and extralegal means to intimidate, suppress, or bankrupt such organizations, particularly NGOs involved in election monitoring, legal rights education, anti-corruption drives, etc.

ORGANIZATIONAL CAPACITY: 4.2

Many Kazakhstani organizations remain top-heavy, with strong leaders dominating NGO activities at the expense of broader constituency building and membership development. Some NGOs have begun to build closer ties with local

communities, but constituency-building efforts remain rare. There is a rough correlation between training levels (especially in organizational development and community outreach) and an NGOs' willingness and ability to engage in con

stituency building activities.

Much of the improvement in this dimension can be attributed to the continued development of NGOs in Almaty and other main cities. These “top-tier” NGOs generally tend to be more mature than the sector in general, have greater access to foreign donor support (especially

grant and training programs), and occupy a highly-visible niche such as consumers’ rights or the rights of nuclear test victims. As such, they are more likely to boast developed internal management structures, increasingly professional staff, and a suitable technical base with which to conduct their operations.

FINANCIAL VIABILITY: 5.0

Relatively advanced NGOs have shown an increasing ability to establish ties with domestic private and public sector funding sources. The surge in the economy over the past year has also clearly played a role, thanks to record-high prices for oil and metals, products that dominate Kazakhstan’s export portfolio.

Despite incremental progress, as a whole Kazakhstan’s NGOs are not financially viable. The vast majority of NGOs are either entirely dependent on grants from foreign organizations or subsist at a micro-level on grassroots, informal support from local residents and businesses. This continuing dependence on foreign donors is problematic for several reasons. Foreign donors are limited in number, which creates a competitive, rather than cooperative dynamic within the sector. Also, the year-to-year funding cycles of international donors creates a sense of insecurity that hinders NGOs’ ability to plan, much less operate, in the mid- to long-term.

Foreign technical assistance and training has led directly to improvements in the quality of financial management systems used by many NGOs. Ongoing training programs and the training-of-trainers in this field have helped to trigger an increase in financial management skills.

Although the Constitution explicitly forbids government support for non-governmental organizations, the number of government-supported quasi-NGOs continues to rise, and local governments in at least two regions of the country (Kostanai oblast and Ust-Kamenogorsk city), have experimented with establishing grant programs to support NGOs. Discussions continue between leading NGO representatives and government officials as to the possibility of opening state tenders to participation by non-governmental organizations.

ADVOCACY: 4.3

The recent lull in the national election cycle has allowed the creation of some space for the advocacy activities of certain NGOs. The presidential and parliamentary elections of 1999 clearly galvanized NGOs, but also prompted a politically motivated crackdown on organi-

zations involved in advocacy, independent election monitoring, and other activities perceived to be “political” by the authorities. The physical intimidation of activists and their relatives, illegal pressure by tax authorities, and the confiscation of property continue to be a

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problem for "activist" organizations. Despite this, the overall political environment, primarily for service oriented NGOs, has relaxed somewhat.

Cooperation between the NGO sector and local and national governments slowly beginning, reflecting evolutionary growth rather than dramatic change. In regions with a relatively strong NGO presence and a long history of NGO work, non-governmental leaders and government officials have begun to regard one another with less suspicion and distrust. In particular, social service NGOs are gaining the support of local governments where state bodies are hard-pressed to provide services to the population. Nevertheless, much still depends on individual personalities, and NGOs' relationships with the state often reflect the personal relationships or animosities that have arisen between certain bureaucrats and NGO leaders.

Only a few NGOs are engaged in active political lobbying efforts or in public policy advocacy initiatives. A recent media advocacy campaign proved to be a watershed by uniting NGOs, independent

television stations and ordinary citizens in a concerted effort to blunt or block proposed changes to Kazakhstan's media law. Although the amendments were ultimately adopted, the public advocacy campaign forced a degree of transparency and accountability on the proceedings and on the parliament, and did lead to a number of changes in the government's proposals. Over 20,000 citizens were involved in the advocacy campaign, and parliamentarians were "besieged" by hundreds of phone calls from angry constituents. Seven independent television stations staged a 24-hour on-air protest against the media law amendments.

Due to a combination of government pressure and public passivity, most NGOs are politically passive. Those that do engage in the political process (including some involved in the media advocacy campaign mentioned above) are subjected to financial, psychological and physical intimidation by the state. Issue-specific NGOs, however, have increased their advocacy work within apolitical niches such as consumers' rights, women's issues, or tax code reform.

SERVICE PROVISION: 4.0

A large and increasing number of NGOs are engaged in providing basic social services (health, education, and disaster relief) to vulnerable segments of the population. The gradual improvements in the level of professionalism and the cumulative technical support received over the years from foreign donor organizations has increased the ability of NGOs to provide a relatively wide range of services to local populations.

Restrictive and/or ambiguous legislation continues to restrict NGOs' ability to generate earned income, including cost recovery efforts. Furthermore, the fact

that these organizations are often providing services to the most underprivileged layers of society means that NGOs' constituencies are, as a rule, unable to pay the cost of services.

Government recognition and support for NGOs that provide basic social services is noticeably improving in Kazakhstan. In certain areas of the country, local governments have even explored ways of providing financing to NGOs in the form of grant competitions and access to state tender competitions for the provision of social services.

INFRASTRUCTURE: 4.1

Most major cities are generally well served by intermediate support organizations (ISOs), although access remains an issue, due to the geographical size of Kazakhstan. Rural groups in particular have little or no access to technical assistance, training or communications resources provided by ISOs.

Many of Kazakhstan's most mature NGOs have begun to offer training services to other NGOs, encouraging the diffusion of knowledge and expertise across the sector. International organizations have promoted training-of-trainer programs to increase the number and quality of trainers available to the sector. NGO trainers have begun to form an association of trainers, with the aim of standardizing techniques and increasing quality control.

Cooperation among NGOs remains problematic, due primarily to the finite pool of donor resources available. As a rule, networks of NGOs tend to be short-term issue-driven movements, formed in response to specific impulses, such as

legislative encroachment by the government, or the opportunity to shape the draft tax code. A nationwide coalition of NGOs has begun to coalesce, but it remains to be seen whether it can develop into an organization with depth and purpose beyond its leadership.

Inter-sectoral partnerships are rare, but have begun to appear in small numbers. Environmental and consumers' rights NGOs are occasionally able to cooperate with business enterprises and health and social service NGOs are increasingly able to work with the government.

Clearly, the weakest element of the NGO sector's infrastructure is its local grant-making capability. Local community foundations and ISOs have proven unable to either raise sufficient local funds or to effectively redistribute international donor funds. An effort is underway to establish a United Way – Kazakhstan. If successful, this would represent the first local NGO with ability to re-grant locally raised funds.

PUBLIC IMAGE: 4.1

A number of NGO leaders have become semi-regular participants on issue-related television programs and in the pages of Kazakhstani newspapers, raising awareness about the sector. Government officials and business leaders are learning to draw upon NGOs as a source of expertise. This is primarily occurring at the local level, and mostly with NGOs involved in explicitly non-political activities. For example, officials of the Ministry of Ecology and Environment in Semi-palatinsk and Ust-Kamenogorsk have actively involved lo-

cal environmental NGOs in industrial monitoring activities. NGOs with business experience in Kostanai oblast have been engaged by municipal officials to help develop business plans and participate in job retraining efforts in the city. This change in the perception of NGOs is significant, but it is not very widespread. Unfortunately, much of Kazakhstan's ruling elite still harbors deep suspicions of NGOs.

While the third sector becomes increasingly visible, this has not neces

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sarily translated into a more positive image of the sector. Many citizens perceive NGOs to be either fronts for “opposition” forces, or as grant-driven havens for intellectual elites. Further, the Russification of the NGO sector isolates it from the primarily rural, Kazakh-speaking majority. Russians are disproportionately active among Kazakhstan’s NGOs, and Russian remains the primary operational language in the sector.

A small number of NGOs are actively engaged in community outreach programs that increase their visibility among local citizens. Nevertheless, most NGOs in Kazakhstan are only loosely tied to the communities that they serve and traditional efforts to spread information about the sector such as bulletins and newsletters are not widely distributed.